

**OFFICE OF AUDITOR OF STATE**  
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ December 2, 2015 \_\_\_\_\_

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Bondurant, Iowa.

The City's receipts totaled \$6,870,975 for the year ended June 30, 2015, a 2.7% decrease from the prior year. The receipts included \$1,793,301 in property tax, \$488,924 from tax increment financing, \$2,523,365 from charges for service, \$609,425 from operating grants, contributions and restricted interest, \$1,405,939 from capital grants, contributions and restricted interest, \$1,782 from unrestricted interest on investments and \$48,239 from other general receipts.

Disbursements for the year ended June 30, 2015 totaled \$8,755,434, an increase of 17.1% over the prior year, and included \$2,687,731 for debt service, \$2,022,760 for capital projects and \$758,329 for public safety. Also, disbursements for business type activities totaled \$1,323,092.

The significant increase in disbursements is due to the payment of the crossover refunding bonds in the current year.

A copy of the audit report is available for review in the City Administrator's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1520-0715-B00F.pdf>.

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**CITY OF BONDURANT**  
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**SUPPLEMENTARY AND OTHER INFORMATION**  
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**JUNE 30, 2015**

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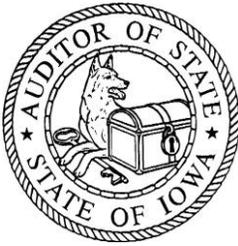
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**City of Bondurant**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Keith Ryan	Mayor	(Resigned Jun 2015)
Curt Sullivan (Appointed)	Mayor	Nov 2015
Brian Lohse	Mayor Pro tem	Jan 2016
Eric Johnson	Council Member	(Resigned Aug 2014)
Amy Bogaards	Council Member	(Resigned Oct 2014)
Curt Sullivan	Council Member	(Resigned June 2015)
Doug Elrod (Appointed)	Council Member	Nov 2015
Jennifer Keeler (Appointed)	Council Member	Nov 2015
Robert Peffer (Appointed)	Council Member	Nov 2015
Michael Reed (Appointed)	Council Member	(Resigned July 2015)
Wes Enos	Council Member	Jan 2018
Mark Arentsen	City Administrator	Indefinite
Lori Dunham	Finance Director	Indefinite
Michelle Wells	Deputy City Clerk	Indefinite
David Brick	Attorney	Indefinite

**City of Bondurant**



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Telephone (515) 281-5834 Facsimile (515) 242-6134

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant as of June 30, 2015, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

### Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Bondurant adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

### Other Matters

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bondurant's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 and the year ended June 30, 2006 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the six years ended June 30, 2012 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 7 through 12 and 32 through 39, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2015 on our consideration of the City of Bondurant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Bondurant's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 12, 2015

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Bondurant provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 22%, or approximately \$877,000, from fiscal year 2014 to fiscal year 2015. Capital grants, contributions and restricted interest increased approximately \$1,021,000, property tax increased approximately \$130,000, general receipts decreased approximately \$176,000 and bond, note and loan proceeds decreased approximately \$182,000.
- Disbursements of the City's governmental activities increased 60%, or approximately \$2,780,000, from fiscal year 2014 to fiscal year 2015. General government, debt service and capital projects disbursements increased approximately \$143,000, \$1,782,000 and \$1,264,000, respectively, and public safety and public works disbursements decreased approximately \$302,000 and \$123,000, respectively.
- The City's total cash basis net position decreased 35%, or approximately \$1,884,000, from fiscal year 2014 to fiscal year 2015. Of this amount, the cash basis net position of the governmental activities decreased approximately \$2,220,000 and the cash basis net position of the business type activities increased approximately \$336,000.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provide details of the federal program benefitting the City.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, the sanitary sewer system and the storm water system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

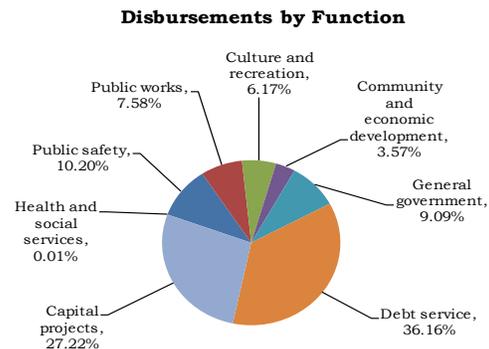
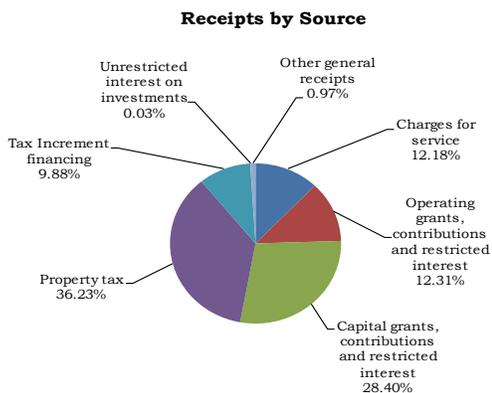
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Storm Water Funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities showed a decrease from a year ago as refunding bond proceeds from fiscal year 2013 were disbursed, decreasing from approximately \$3.7 million to approximately \$1.5 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
	Year ended June 30,	
	2015	2014
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 602,838	512,010
Operating grants, contributions and restricted interest	609,092	599,680
Capital grants, contributions and restricted interest	1,405,939	384,712
General receipts:		
Property tax	1,793,301	1,663,078
Tax Increment financing	488,924	506,265
Unrestricted interest on investments	1,717	1,667
Bond, note and loan proceeds	-	181,720
Other general receipts	47,839	223,419
Total receipts	4,949,650	4,072,551
<b>Disbursements:</b>		
Public safety	758,329	1,059,932
Public works	563,694	686,425
Health and social services	768	9,175
Culture and recreation	458,332	451,639
Community and economic development	265,458	247,107
General government	675,270	532,751
Debt service	2,687,731	906,123
Capital projects	2,022,760	758,952
Total disbursements	7,432,342	4,652,104
Change in cash basis net position before transfers	(2,482,692)	(579,553)
Transfers, net	262,315	120,500
Change in cash basis net position	(2,220,377)	(459,053)
Cash basis net position beginning of year	3,732,419	4,191,472
Cash basis net position end of year	\$ 1,512,042	3,732,419



The City's total receipts for governmental activities increased 22%, or approximately \$877,000. The total cost of all programs and services increased approximately \$2,780,000, or 60%. The significant increase in receipts was primarily the result of increases in capital grants, contributions and restricted interest and property tax. General receipts and bond, note and loan proceeds decreased.

The City reduced the property tax rate for fiscal year 2015 by five cents per \$1,000 of assessed valuation, but total assessed valuation increased approximately \$9,705,000. This increased valuation raised the City's property tax receipts approximately \$137,000. Based on increases in the total taxable valuation, property tax receipts are budgeted to increase approximately \$215,000 next year.

The cost of all governmental activities this year was approximately \$7,432,000 compared to approximately \$4,652,000 last year. The most significant increases in disbursements were an increase in debt service for the maturity of the 2007/2013B crossover advance refunding debt of \$1,675,000 and an increase in capital projects for trail construction and US Highway 65/330 traffic light and pavement widening projects. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 14-15, the amount taxpayers ultimately financed for these activities was approximately \$4,814,000 because some of the cost was paid by those directly benefited from the programs (approximately \$603,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$2,015,000). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in 2015 from approximately \$1,496,000 to approximately \$2,618,000, principally due to an increase in capital grants, contributions and restricted interest related to parks, trail construction and traffic light/pavement project grants.

Changes in Cash Basis Net Position of Business Type Activities		
	Year ended June 30,	
	2015	2014
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 852,335	833,595
Sewer	927,412	897,593
Storm water	140,780	130,606
Operating grants, contributions and restricted interest	333	170
General receipts:		
Unrestricted interest on investments	65	439
Bond proceeds	-	1,125,480
Other general receipts	400	1,000
Total receipts	<u>1,921,325</u>	<u>2,988,883</u>
Disbursements:		
Water	681,255	2,122,669
Sewer	588,098	596,134
Storm water	53,739	106,253
Total disbursements	<u>1,323,092</u>	<u>2,825,056</u>
Change in cash basis net position before transfers	598,233	163,827
Transfers, net	<u>(262,315)</u>	<u>(120,500)</u>
Change in cash basis net position	335,918	43,327
Cash basis net position beginning of year	1,656,407	1,613,080
Cash basis net position end of year	<u>\$ 1,992,325</u>	<u>1,656,407</u>

Total business type activities receipts for the fiscal year were \$1,921,325 compared to \$2,988,883 last year. This decrease is due to the previous year issuance of general obligation debt for the purpose of water supply rights. The cash balance increased approximately \$336,000 over the prior year. Total disbursements for the fiscal year decreased approximately 53% to approximately \$1,323,000 due to the prior year water supply rights purchase. The Enterprise, Storm Water Fund cash balance increased \$87,041 as funds are being retained for upcoming District 30 tile work and the Enterprise, Sewer Fund cash balance increased \$250,542 as the creek realignment project was delayed to fiscal year 2016.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Bondurant completed the year, its governmental funds reported a combined fund balance of \$1,512,042, a decrease of \$2,220,377 from last year's total of \$3,732,419. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased from \$434,799 at the end of fiscal year 2014 to \$477,221 at the end of fiscal year 2015. The increase is largely due to the receipt of approximately \$48,000 for building permits over budgeted projections.
- The Special Revenue, Road Use Tax Fund cash balance increased from \$69,899 at the end of fiscal year 2014 to \$183,463 at the end of fiscal year 2015. A \$60,000 transfer to the Capital Projects Fund for the US Highway 65/32<sup>nd</sup> Street traffic light/street widening project was delayed to fiscal year 2016.
- The Special Revenue, Urban Renewal Tax Increment Fund decreased from \$34,586 at the end of fiscal year 2014 to \$18,076 at the end of fiscal year 2015 due to previously certified funds in fiscal year 2014 for 2013A bond payments disbursed in fiscal year 2015.
- The Debt Service Fund cash balance decreased \$1,705,911 to \$48,082. This decrease was due to the payment of the crossover advance refunding of 2007/2013B general obligation debt.
- The Capital Projects Fund cash balance decreased \$641,428 to \$655,491 due to 2013A bond proceeds being spent for trail construction and park improvements in fiscal year 2015.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance remained approximately the same at \$572,757 at June 30, 2015 compared to \$574,422 at June 30, 2014. Water revenues increased approximately \$19,000 due to increased water usage and population. The disbursement for wholesale water from the Des Moines Water Works exceeded \$288,000.
- The Enterprise, Sewer Fund cash balance increased \$250,542 to \$1,249,880 at June 30, 2015. Sewer revenues increased approximately \$30,000 due to increased water usage. Disbursements include Wastewater Reclamation Authority fees of \$410,624. The anticipated creek alignment project budgeted at \$400,000 was delayed to fiscal year 2016.
- The Enterprise, Storm Water Fund cash balance increased \$87,041 to a balance of \$169,688. The accumulated fund balance will be used for upcoming District 30 tile repairs.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget two times. The first amendment, approved on September 2, 2014, resulted in an increase in budgeted operating disbursements for building inspections due to contractor changes, a Special Census down payment, delays in fiscal year 2014 parks, trails, sewer and traffic signal projects. The final budget amendment was approved on May 18, 2015 and resulted in increased budgeted disbursements in the debt service function due to the final payment of the 2007/2013B general obligation debt which was advance refunded in 2013 and in the business type activities function due to water main/valve projects and an increase in wholesale water cost. The City had sufficient cash balances or increases in grants and donations to absorb the additional costs.

The City's receipts were \$43,249 more than budgeted, which is less than 1% of the final budget.

Total disbursements were \$1,700,454 less than the final budget of \$10,438,862. Actual disbursements for the capital projects function was \$939,348 less than budgeted due to various projects budgeted for, but not completed, during fiscal year 2015. In addition, actual disbursements for business type activities were \$563,879 less than budgeted, primarily due to the Enterprise, Sewer Fund budgeting \$390,000 to relocate a creek which was not done during fiscal year 2015.

**DEBT ADMINISTRATION**

At June 30, 2015, the City had \$9,722,865 of bonds and other long-term debt compared to a balance of \$11,359,696 last year, as follows:

	Outstanding Debt at Year-End	
	June 30,	
	2015	2014
General obligation bonds and notes	\$ 7,530,000	9,965,000
Revenue bonds	150,000	185,000
Water Capacity Purchase	454,300	500,000
Water service agreement	660,287	709,696
Urban service area agreement	928,278	-
Total	\$ 9,722,865	11,359,696

Debt decreased as a result of principal payments made and the maturity of the 2007 general obligation debt which was crossover advance refunded in 2013.

The City's general obligation bond rating carries an A1 rating by Moody's Investor Services. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$7,961,223, including TIF debt of \$431,223, is below the City's Constitutional debt limit of approximately \$11.8 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Bondurant's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and fees charged for various City activities. The economy in the area has been steady with a small decline in our unemployment rate in the past year. Unemployment in Polk County now stands at 3.5% versus 4.3% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

The housing market slowed down for Bondurant in 2014, with an 18% decrease in new single-family home permits issued. During calendar year 2014, 311 total building permits were issued, including 66 for single-family homes. These permits resulted in \$17.5 million in new valuation to the City in calendar year 2014.

These indicators were taken into account when adopting the budget for fiscal year 2016. Based on the tax rate of \$13.93626 per \$1,000 of taxable valuation, the City expects to generate \$1,980,456 of property tax for fiscal year 2016. Total General Fund receipts at this time are anticipated to be approximately \$1,880,000. Receipts for all funds, including Enterprise Funds, are anticipated to be approximately \$6.1 million.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark J. Arentsen, City Administrator, 200 Second Street Northeast, P.O. Box 37, Bondurant, Iowa 50035, at 515-967-2418, or by e-mail at [marentsen@cityofbondurant.com](mailto:marentsen@cityofbondurant.com).

## **Basic Financial Statements**

City of Bondurant

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 758,329	251,309	83,623	-
Public works	563,694	244,668	401,372	-
Health and social services	768	-	-	-
Culture and recreation	458,332	70,875	47,809	5,969
Community and economic development	265,458	-	1,465	-
General government	675,270	35,986	34,005	-
Debt service	2,687,731	-	40,818	-
Capital projects	2,022,760	-	-	1,399,970
Total governmental activities	7,432,342	602,838	609,092	1,405,939
Business type activities:				
Water	681,255	852,335	333	-
Sewer	588,098	927,412	-	-
Storm water	53,739	140,780	-	-
Total business type activities	1,323,092	1,920,527	333	-
Total	\$ 8,755,434	2,523,365	609,425	1,405,939
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Unrestricted interest on investments				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(423,397)	-	(423,397)
82,346	-	82,346
(768)	-	(768)
(333,679)	-	(333,679)
(263,993)	-	(263,993)
(605,279)	-	(605,279)
(2,646,913)	-	(2,646,913)
(622,790)	-	(622,790)
(4,814,473)	-	(4,814,473)
-	171,413	171,413
-	339,314	339,314
-	87,041	87,041
-	597,768	597,768
(4,814,473)	597,768	(4,216,705)
1,266,941	-	1,266,941
526,360	-	526,360
488,924	-	488,924
1,717	65	1,782
39,453	-	39,453
8,386	400	8,786
262,315	(262,315)	-
2,594,096	(261,850)	2,332,246
(2,220,377)	335,918	(1,884,459)
3,732,419	1,656,407	5,388,826
\$ 1,512,042	1,992,325	3,504,367
\$ 16,316	-	16,316
183,463	-	183,463
18,076	-	18,076
48,082	7,400	55,482
655,491	-	655,491
113,393	137,373	250,766
477,221	1,847,552	2,324,773
\$ 1,512,042	1,992,325	3,504,367

City of Bondurant

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2015

	Special Revenue			Debt Service
	General	Road Use Tax	Urban Renewal Tax Increment	
Receipts:				
Property tax	\$ 1,052,922	-	-	516,685
Tax increment financing	-	-	488,924	-
Other city tax	21,957	-	-	9,675
Licenses and permits	183,622	-	-	-
Use of money and property	29,369	-	117	3,368
Intergovernmental	101,985	401,372	-	5,835
Charges for service	382,624	-	-	-
Special assessments	12,709	-	-	-
Miscellaneous	50,711	-	-	37,450
Total receipts	<u>1,835,899</u>	<u>401,372</u>	<u>489,041</u>	<u>573,013</u>
Disbursements:				
Operating:				
Public safety	725,132	-	-	-
Public works	244,534	287,808	-	-
Health and social services	768	-	-	-
Culture and recreation	365,017	-	-	-
Community and economic development	73,653	-	191,805	-
General government	558,651	-	-	-
Debt service	-	-	-	2,687,731
Capital projects	-	-	-	-
Total disbursements	<u>1,967,755</u>	<u>287,808</u>	<u>191,805</u>	<u>2,687,731</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(131,856)</u>	<u>113,564</u>	<u>297,236</u>	<u>(2,114,718)</u>
Other financing sources (uses):				
Sale of capital assets	8,072	-	-	-
Transfers in	166,206	-	-	408,807
Transfers out	-	-	(313,746)	-
Total other financing sources (uses)	<u>174,278</u>	<u>-</u>	<u>(313,746)</u>	<u>408,807</u>
Change in cash balances	42,422	113,564	(16,510)	(1,705,911)
Cash balances beginning of year	434,799	69,899	34,586	1,753,993
Cash balances end of year	<u>\$ 477,221</u>	<u>183,463</u>	<u>18,076</u>	<u>48,082</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for:				
Streets	-	183,463	-	-
Urban renewal purposes	-	-	18,076	-
Debt service	-	-	-	48,082
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	477,221	-	-	-
Total cash basis fund balances	<u>\$ 477,221</u>	<u>183,463</u>	<u>18,076</u>	<u>48,082</u>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	188,108	1,757,715
-	-	488,924
-	3,954	35,586
-	-	183,622
255	119	33,228
1,313,796	8,127	1,831,115
-	-	382,624
16,124	-	28,833
69,795	41,661	199,617
1,399,970	241,969	4,941,264
-	33,197	758,329
-	31,352	563,694
-	-	768
-	93,315	458,332
-	-	265,458
-	116,619	675,270
-	-	2,687,731
2,022,760	-	2,022,760
2,022,760	274,483	7,432,342
(622,790)	(32,514)	(2,491,078)
314	-	8,386
-	20,000	595,013
(18,952)	-	(332,698)
(18,638)	20,000	270,701
(641,428)	(12,514)	(2,220,377)
1,296,919	142,223	3,732,419
655,491	129,709	1,512,042
-	16,316	16,316
-	-	183,463
-	-	18,076
-	-	48,082
655,491	-	655,491
-	113,393	113,393
-	-	477,221
655,491	129,709	1,512,042

**Exhibit C**

## City of Bondurant

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2015

	Enterprise			Total
	Water	Sewer	Storm Water	
Operating receipts:				
Charges for service	\$ 717,512	926,819	133,157	1,777,488
Miscellaneous	135,156	593	7,623	143,372
Total operating receipts	852,668	927,412	140,780	1,920,860
Operating disbursements:				
Business type activities	516,412	549,768	51,726	1,117,906
Excess of operating receipts over operating disbursements	336,256	377,644	89,054	802,954
Non-operating receipts (disbursements):				
Sale of capital assets	-	400	-	400
Interest on investments	14	51	-	65
Debt service	(126,233)	(38,330)	-	(164,563)
Capital projects	(38,610)	-	(2,013)	(40,623)
Net non-operating receipts (disbursements)	(164,829)	(37,879)	(2,013)	(204,721)
Excess of receipts over disbursements	171,427	339,765	87,041	598,233
Transfers out	(173,092)	(89,223)	-	(262,315)
Change in cash balances	(1,665)	250,542	87,041	335,918
Cash balances beginning of year	574,422	999,338	82,647	1,656,407
Cash balances end of year	\$ 572,757	1,249,880	169,688	1,992,325
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Debt service	\$ -	7,400	-	7,400
Deposits	137,373	-	-	137,373
Unrestricted	435,384	1,242,480	169,688	1,847,552
Total cash basis fund balances	\$ 572,757	1,249,880	169,688	1,992,325

See notes to financial statements.

City of Bondurant

Notes to Financial Statements

June 30, 2015

**(1) Summary of Significant Accounting Policies**

The City of Bondurant is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1897 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bondurant has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements include the City of Bondurant (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Bondurant Fire-Rescue Association (Association) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The purpose of the Association is to support and promote the activities of Bondurant Emergency Services. The financial transactions of this component unit have been blended into the Special Revenue Funds.

The Bondurant Community Library Foundation (Foundation) is an entity which is legally separate from the City, but is so intertwined with the City it is, in substance, the same as the City. The Foundation was organized under Chapter 504 of the Code of Iowa as a non-profit corporation in accordance with Section 501(c)3 of the Internal Revenue Code. The purpose of the Foundation is to support, improve and enhance the Bondurant Community Library. The financial transactions of this component unit have been blended into the Special Revenue Funds.

### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Metro Waste Authority, Polk County Assessor's Conference Board, Polk County Emergency Management Commission and Polk County Joint E911 Service Board.

### Joint Venture

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA). The WRA, a joint venture, was developed as a result of an agreement between the City of Des Moines and surrounding municipalities. See Note 4.

## B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Storm Water Fund accounts for the operation and maintenance of the City's storm water system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. Disbursements exceeded the amount budgeted in the capital projects function before the budget was amended.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,075,311 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The City's investment in the Iowa Public Agency Investment Trust is unrated.

### (3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes, revenue notes and the water supply rights loan agreement are as follows:

Year Ending June 30,	General Obligation Bonds and Notes		Revenue Notes		Loan Agreement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 860,000	154,382	35,000	2,625	46,600	9,086	941,600	166,093
2017	895,000	139,770	37,000	2,013	47,500	8,154	979,500	149,937
2018	945,000	123,638	38,000	1,365	48,500	7,204	1,031,500	132,207
2019	915,000	105,638	40,000	700	49,400	6,234	1,004,400	112,572
2020	940,000	87,892	-	-	50,400	5,246	990,400	93,138
2021-2025	2,345,000	244,483	-	-	211,900	10,702	2,556,900	255,185
2026-2029	630,000	44,142	-	-	-	-	630,000	44,142
Total	\$ 7,530,000	899,945	150,000	6,703	454,300	46,626	8,134,300	953,274

#### Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$575,000 of sewer revenue notes issued in January 1999. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2019. Annual principal and interest payments on the notes are expected to require less than 11% of net receipts. The total principal and interest remaining to be paid on the notes is \$156,703. For the current year, principal and interest paid and total customer net receipts were \$38,238 and \$377,644, respectively.

The resolutions providing for the issuance of the sewer revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) All funds remaining in the sewer account after making the required transfers shall be placed in a sewer revenue surplus account. As long as the sinking account has the full amount to be deposited, the balance in the surplus account may be made available to the City as the City Council may direct.

#### Water Supply Rights Loan Agreement

In March 2014, the City entered into a \$500,000 loan agreement payable to the City of Pleasant Hill under which the City received \$500,000 as credit against the purchase of the water supply rights being acquired. The agreement bears interest at 2.00% per annum and matures in varying annual amounts ranging from \$45,700 to \$54,600, with the final maturity due in the year ending June 30, 2024.

#### Water Service Agreement

The City entered into an agreement with the Board of Water Works Trustees of the City of Des Moines (DMWW), effective August 1, 2005 and payable through December 1, 2025, to join in the Wholesale Water Service Master Agreement.

This agreement allowed the City to acquire the "Purchased Capacity" of .50 million gallons per day (mgd) of water from DMWW. Payments to DMWW by the City will be used to pay the City's portion of Water Revenue Bonds issued for the construction of a treatment plant.

### Urban Service Area Agreement

In February 2009, the City agreed to amend the Urban Service Area Agreement with Polk County to pay for 75% of the annual principal due by the County for a total of \$1,221,213. The payments started June 1, 2011 and will continue through June 1, 2026. The balance owed was initially certified as tax increment financing debt and payments of \$292,935 between June 1, 2011 and June 1, 2015 were made from the Special Revenue, Urban Renewal Tax Increment Fund. During the year ended June 30, 2015, the City decertified the remaining balance of \$928,278 and intends to pay the balance of the agreement from the Enterprise, Sewer fund.

#### **(4) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age, which is generally at age 55. Protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$61,341.

Collective Net Pension Liability, Collective Pension Expense, Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$357,668. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.0090186 percent, which was an increase of 0.0001326 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$26,924, \$19,722 and \$137,746, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	\$ 678,516	\$ 357,668	\$ 86,842

Pension Plan Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(5) Joint Venture and Commitments**

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of sewer flows for the participating communities. The Amended and Restated Agreement for the WRA was effective on July 1, 2004. This agreement amended and restated the previous Integrated Community Area (I.C.A.) Agreement to provide continued operation, improvements and expansion. The WRA Agreement establishes the WRA as a separate legal entity with its own Board, creates an independent governance structure, establishes an independent bonding authority for the WRA and provides a framework for additional communities to participate.

Annually, the WRA establishes an allocation to all participating communities based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and are adjusted prospectively for differences in budgeted flows and actual flows.

The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation. Although the debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the communities were a participating community are still outstanding. The WRA Sewer Revenue Bonds Series 2004A, 2006 and 2013B include provisions that place the WRA debt service requirements on the same parity and rank as other debts of the participating communities. The 2004B bonds were refinanced as the 2013B bonds during the year ended June 30, 2013.

The WRA Agreement requires the debt service on these bonds to be allocated to the participating communities based on the WRA flows of the core communities and expansion communities of each calendar year. As of June 30, 2015, the Series 2013B bonds had a balance of \$54,170,000 and the City's estimated future allocation based on the WRA flows is currently \$533,413, or .98%. As of June 30, 2015, the Series 2006 bonds had a balance of \$32,955,000 and the City's estimated future allocation based on the WRA flows is currently \$339,482, or 1.03%. The State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. On June 30, 2015, the State Revolving Loans had a balance of \$262,051,730 and the City's estimated future allocation based on the WRA flows is currently \$2,480,600, or .95%. The pre-2004 State Revolving Loans are to be paid by the participating communities based on the existing allocations under the prior I.C.A. agreement. As of June 30, 2015, the WRA had \$2,105,000 of outstanding pre-2004 State Revolving Loans, of which no future principal debt service is a commitment of the City.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid. Pursuant to the new agreement, the City's investment in the joint venture under the I.C.A. Agreement has been contributed to the new WRA organization. The City retains a reversionary interest percentage in the net assets of the WRA redeemable only in the event the WRA is dissolved. During the year ended June 30, 2015, the City paid the WRA \$410,624 for operations, maintenance, equipment replacements and debt service payments.

The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346 or online at [DMMWRA.org](http://DMMWRA.org).

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick leave and compensatory time payable to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 58,000
Sick leave	52,000
Compensatory time	<u>7,000</u>
Total	<u>\$117,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2015.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Urban Renewal Tax Increment	\$ 7,760
	Enterprise:	
	Water	79,223
	Sewer	<u>79,223</u>
		<u>166,206</u>
Special Revenue: Employee Benefits	Enterprise:	
	Water	10,000
	Sewer	<u>10,000</u>
		<u>20,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	305,986
	Capital Projects	18,952
	Enterprise:	
	Water	<u>83,869</u>
		<u>408,807</u>
Total		<u>\$ 595,013</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Risk Management**

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were \$48,400.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Development Agreements**

The City has entered into a development agreement with Wil-Ron Properties LLC. The City agreed to pay Wil-Ron Properties LLC an amount not to exceed \$1,000,000 in exchange for the construction of certain water, sewer, storm water and street improvements. Payments of \$50,000 will be made semiannually for a period of ten years provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2015, the City made payments of \$100,000 to the developer. The balance remaining under the agreement at June 30, 2015 is \$400,000.

The City has entered into a development agreement with S.C. Stoner Construction. The City agreed to provide tax increment payments in an amount not to exceed \$370,000 in exchange for the construction of certain infrastructure improvements. The developer did not provide street lighting as originally agreed to, so the agreement was reduced by \$19,681 to \$350,319. Semiannual payments will be made through June 1, 2023 provided the developer is in compliance with the terms of the revised agreement. As of June 30, 2015, the City has made payments of \$28,010 to the developer. The balance remaining under the revised agreement at June 30, 2015 is \$310,658.

In February 2009, the City agreed to amend the Urban Service Area Agreement with Polk County to pay for 75% of the annual principal due by the County for a total of \$1,221,213. The payments started June 1, 2011 and will continue through June 1, 2026. During the year ended June 30, 2015, the City paid \$63,795 to the County. The balance remaining under the agreement at June 30, 2015 of \$928,278 has been decertified and the City intends to pay the balance of the agreement from the Enterprise, Sewer Fund.

**(10) Private Facility Revenue Bonds**

The City has issued a total of \$8,000,000 of Private College Facility Revenue Bonds (Grandview University Project), Series 2012B under the provisions of Chapter 419 of the Code of Iowa, of which \$7,790,000 is outstanding at June 30, 2015. The bonds and related interest are payable solely out of the revenues derived from the loan agreement and are not an obligation of the City.

The City has issued a total of \$7,200,000 of Healthcare Facilities Revenue Bonds (Valley View Village Assisted Living Project), Series 2014A and 2014b under the provisions of Chapter 419 of the Code of Iowa, of which \$7,200,000 is outstanding at June 30, 2015. The bonds and related interest are payable solely out of the revenues derived from the loan agreement and are not an obligation of the City.

**(11) Construction Commitments**

The City has entered into construction contracts totaling approximately \$1,914,000 for various street, trail and public works improvements. As of June 30, 2015, approximately \$1,714,000 has been paid on the contracts. The remaining \$200,000 will be paid as work on the projects progress.

## **Other Information**

City of Bondurant  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances –  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,757,715	-	-
Tax increment financing	488,924	-	-
Other city tax	35,586	-	-
Licenses and permits	183,622	-	-
Use of money and property	33,228	65	6
Intergovernmental	1,831,115	-	-
Charges for service	382,624	1,777,488	-
Special assessments	28,833	-	-
Miscellaneous	199,617	143,372	11,321
Total receipts	4,941,264	1,920,925	11,327
Disbursements:			
Public safety	758,329	-	10,230
Public works	563,694	-	-
Health and social services	768	-	-
Culture and recreation	458,332	-	6,796
Community and economic development	265,458	-	-
General government	675,270	-	-
Debt service	2,687,731	-	-
Capital projects	2,022,760	-	-
Business type activities	-	1,323,092	-
Total disbursements	7,432,342	1,323,092	17,026
Excess (deficiency) of receipts over (under) disbursements	(2,491,078)	597,833	(5,699)
Other financing sources, net	270,701	(261,915)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,220,377)	335,918	(5,699)
Balances beginning of year	3,732,419	1,656,407	22,923
Balances end of year	\$ 1,512,042	1,992,325	17,224

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,757,715	1,765,702	1,765,702	(7,987)
488,924	479,322	479,322	9,602
35,586	27,853	27,853	7,733
183,622	79,040	143,540	40,082
33,287	29,698	32,647	640
1,831,115	484,009	1,961,119	(130,004)
2,160,112	1,947,240	2,191,300	(31,188)
28,833	39,400	30,300	(1,467)
331,668	131,850	175,830	155,838
6,850,862	4,984,114	6,807,613	43,249
748,099	686,386	762,831	14,732
563,694	613,263	625,023	61,329
768	10,020	10,020	9,252
451,536	459,768	513,561	62,025
265,458	259,905	282,905	17,447
675,270	634,552	707,089	31,819
2,687,731	1,009,038	2,688,354	623
2,022,760	250,000	2,962,108	939,348
1,323,092	1,791,602	1,886,971	563,879
8,738,408	5,714,534	10,438,862	1,700,454
(1,887,546)	(730,420)	(3,631,249)	1,743,703
8,786	-	-	8,786
(1,878,760)	(730,420)	(3,631,249)	1,752,489
5,365,903	1,594,204	5,365,906	(3)
3,487,143	863,784	1,734,657	1,752,486

City of Bondurant

Notes to Other Information – Budgetary Reporting

June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$4,724,328. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the capital projects function before the budget was amended.

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City of Bondurant  
Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.0090186%
City's proportionate share of the net pension liability	\$ 358
City's covered-employee payroll	\$ 595
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.17%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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City of Bondurant  
Schedule of City Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)

Other Information

	2015	2014	2013	2012
Statutorily required contribution	\$ 61	53	51	43
Contributions in relation to the statutorily required contribution	(61)	(53)	(51)	(43)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 687	595	586	529
Contributions as a percentage of covered-employee payroll *	8.93%	8.93%	8.67%	8.07%

\* Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
36	32	29	25	20
<u>(36)</u>	<u>(32)</u>	<u>(29)</u>	<u>(25)</u>	<u>(20)</u>
-	-	-	-	-
<hr/>				
523	487	455	406	356
6.95%	6.65%	6.35%	6.05%	5.75%

City of Bondurant

Notes to Other Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members

**City of Bondurant.**

## **Supplementary Information**

City of Bondurant

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2015

	Special Revenue			
	Employee Benefits	Library Grant	EMS Grant	Park and Recreation
<b>Receipts:</b>				
Property tax	\$ 188,108	-	-	-
Other city tax	3,954	-	-	-
Use of money and property	-	74	-	-
Intergovernmental	2,384	3,243	2,500	-
Miscellaneous	1,751	15,520	4,500	5,969
Total receipts	196,197	18,837	7,000	5,969
<b>Disbursements:</b>				
Operating:				
Public safety	11,967	-	11,000	-
Public works	31,082	-	-	-
Culture and recreation	60,675	20,863	-	4,981
General government	116,619	-	-	-
Total disbursements	220,343	20,863	11,000	4,981
Excess (deficiency) of receipts over (under) disbursements	(24,146)	(2,026)	(4,000)	988
<b>Other financing sources:</b>				
Transfers in	20,000	-	-	-
Change in cash balances	(4,146)	(2,026)	(4,000)	988
Cash balances beginning of year	40,509	31,269	4,000	26,512
Cash balances end of year	\$ 36,363	29,243	-	27,500
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for other purposes	36,363	29,243	-	27,500
Total cash basis fund balances	\$ 36,363	29,243	-	27,500

See accompanying independent auditor's report.

Storm Water Grants	Tree	Drainage District	Bondurant Fire-Rescue Association	Bondurant Community Library Foundation	Permanent		Total
					Cemetery Perpetual Care		
-	-	-	-	-	-	-	188,108
-	-	-	-	-	-	-	3,954
-	-	-	6	-	39	-	119
-	-	-	-	-	-	-	8,127
-	1,000	-	6,771	4,550	1,600	-	41,661
-	1,000	-	6,777	4,550	1,639	-	241,969
-	-	-	10,230	-	-	-	33,197
270	-	-	-	-	-	-	31,352
-	-	-	-	6,796	-	-	93,315
-	-	-	-	-	-	-	116,619
270	-	-	10,230	6,796	-	-	274,483
(270)	1,000	-	(3,453)	(2,246)	1,639	-	(32,514)
-	-	-	-	-	-	-	20,000
(270)	1,000	-	(3,453)	(2,246)	1,639	-	(12,514)
943	157	1,233	7,244	15,679	14,677	-	142,223
673	1,157	1,233	3,791	13,433	16,316	-	129,709
-	-	-	-	-	16,316	-	16,316
673	1,157	1,233	3,791	13,433	-	-	113,393
673	1,157	1,233	3,791	13,433	16,316	-	129,709

City of Bondurant  
Schedule of Indebtedness  
Year ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Park improvement	Apr 20, 2012	1.60%	\$ 150,000
Vehicle acquisition	Sep 9, 2013	1.75	170,000
Total			
General obligation bonds:			
Corporate purpose, Series 2007	Jul 2, 2007	3.75-4.30%	\$ 2,990,000
Corporate purpose, Series 2008	Sep 2, 2008	3.00-4.15	2,300,000
Corporate purpose, Series 2011	Jul 6, 2011	1.00-3.45	1,550,000
Corporate purpose, Series 2013A	Jun 12, 2013	0.30-2.00	2,265,000
Refunding, Series 2013B	Jun 12, 2013	0.50-1.45	1,745,000
Water, Series 2014A	Mar 5, 2014	0.50-3.40	1,130,000
Total			
Revenue notes:			
Sewer	Jan 6, 1999	1.75%	\$ 326,066
Sewer	Jan 6, 1999	1.75	248,934
Total			
Loan agreement:			
Water supply rights	Mar 27, 2014	2.00%	\$ 500,000
Water service agreement	Aug 1, 2005	2.00-3.00%	\$ 1,020,000
Urban service area agreement	Feb 10, 2009	-	\$ 1,221,213

\* - During the year ended June 30, 2015, the City decertified the remaining balance of the agreement and intends to make payments from the Enterprise, Sewer Fund. This change has not been reflected in the Cash Basis Statement of Activities and Net Position and the Statement of Cash Receipts, Disbursements and Changes in Cash Balances, Proprietary Funds.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
50,000	-	50,000	-	800
140,000	-	35,000	105,000	2,450
<u>\$ 190,000</u>	<u>-</u>	<u>85,000</u>	<u>105,000</u>	<u>3,250</u>
1,875,000	-	1,875,000	-	77,936
1,470,000	-	185,000	1,285,000	59,553
1,405,000	-	95,000	1,310,000	35,708
2,150,000	-	145,000	2,005,000	23,480
1,745,000	-	-	1,745,000	16,335
1,130,000	-	50,000	1,080,000	33,369
<u>\$ 9,775,000</u>	<u>-</u>	<u>2,350,000</u>	<u>7,425,000</u>	<u>246,381</u>
106,000	-	20,000	86,000	1,855
79,000	-	15,000	64,000	1,383
<u>\$ 185,000</u>	<u>-</u>	<u>35,000</u>	<u>150,000</u>	<u>3,238</u>
500,000	-	45,700	454,300	11,778
709,696	-	49,409	660,287	19,346
<u>-</u>	<u>*928,278</u>	<u>-</u>	<u>928,278</u>	<u>-</u>

City of Bondurant  
Bond and Note Maturities  
June 30, 2015

Year Ending June 30,	General Obligation Notes					
	Vehicle Acquisition		Series 2008		Series 2011	
	Issued Sep 9, 2013		Issued Sep 2, 2008		Issued Jul 6, 2011	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2016	1.75%	\$ 35,000	4.00%	\$ 255,000	1.45%	\$ 100,000
2017	1.75	35,000	4.00	265,000	1.70	100,000
2018	1.75	35,000	4.05	275,000	2.00	105,000
2019		-	4.10	240,000	2.20	110,000
2020		-	4.15	250,000	2.40	115,000
2021		-		-	2.60	115,000
2022		-		-	2.80	120,000
2023		-		-	3.00	125,000
2024		-		-	3.20	135,000
2025		-		-	3.30	140,000
2026		-		-	3.45	145,000
2027		-		-		-
2028		-		-		-
2029		-		-		-
Total		<u>\$ 105,000</u>		<u>\$ 1,285,000</u>		<u>\$ 1,310,000</u>

Year Ending June 30,	Revenue Notes					Loan Agreement	
	Sewer		Sewer		Total	Water Supply Rights	
	Issued Jan 6, 1999		Issued Jan 6, 1999			Issued Mar 27, 2014	
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount		Rates	Amount
2016	1.75%	\$ 20,000	1.75%	\$ 15,000	35,000	2.00%	\$ 46,600
2017	1.75	21,000	1.75	16,000	37,000	2.00	47,500
2018	1.75	22,000	1.75	16,000	38,000	2.00	48,500
2019	1.75	23,000	1.75	17,000	40,000	2.00	49,400
2020		-		-	-	2.00	50,400
2021		-		-	-	2.00	51,400
2022		-		-	-	2.00	52,400
2023		-		-	-	2.00	53,500
2024		-		-	-	2.00	54,600
Total		<u>\$ 86,000</u>		<u>\$ 64,000</u>	<u>150,000</u>		<u>\$ 454,300</u>

See accompanying independent auditor's report.

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 General Obligation Bonds
 

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Series 2013A		Series 2013B		Series 2014A		Total
Issued Jun 12, 2013		Issued Jun 12, 2013		Issued Mar 5, 2014		
Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	
0.50%	\$ 175,000	0.50%	\$ 245,000	0.50%	\$ 50,000	825,000
0.60	205,000	0.60	240,000	1.10	50,000	860,000
0.75	235,000	0.75	245,000	1.10	50,000	910,000
0.90	265,000	0.90	250,000	1.70	50,000	915,000
1.05	275,000	1.05	250,000	1.70	50,000	940,000
1.25	245,000	1.25	255,000	2.20	55,000	670,000
1.45	145,000	1.45	260,000	2.20	55,000	580,000
1.70	150,000		-	2.50	60,000	335,000
1.90	155,000		-	2.50	60,000	350,000
2.00	155,000		-	2.70	115,000	410,000
	-		-	2.85	120,000	265,000
	-		-	3.00	120,000	120,000
	-		-	3.20	120,000	120,000
	-		-	3.40	125,000	125,000
	<u>\$ 2,005,000</u>		<u>\$ 1,745,000</u>		<u>\$ 1,080,000</u>	<u>7,425,000</u>

City of Bondurant

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
<b>Receipts:</b>				
Property tax	\$ 1,757,715	1,635,189	1,540,915	1,434,131
Tax increment financing	488,924	506,265	383,187	386,986
Other city tax	35,586	27,889	28,005	16,624
Licenses and permits	183,622	89,816	121,876	53,055
Use of money and property	33,228	32,702	29,308	3,626
Intergovernmental	1,831,115	565,419	554,786	924,805
Charges for service	382,624	328,234	278,415	100,685
Special assessments	28,833	127,257	80,870	41,248
Miscellaneous	199,617	372,382	308,495	136,513
<b>Total</b>	<b>\$ 4,941,264</b>	<b>3,685,153</b>	<b>3,325,857</b>	<b>3,097,673</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 758,329	1,059,932	632,809	678,647
Public works	563,694	686,425	569,142	512,100
Health and social services	768	9,175	6,588	6,705
Culture and recreation	458,332	451,639	400,516	334,820
Community and economic development	265,458	247,107	228,550	250,404
General government	675,270	532,751	539,116	513,726
Debt service	2,687,731	906,123	1,026,071	642,169
Capital projects	2,022,760	758,952	1,144,472	1,608,596
<b>Total</b>	<b>\$ 7,432,342</b>	<b>4,652,104</b>	<b>4,547,264</b>	<b>4,547,167</b>

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
1,309,877	1,246,106	1,041,906	898,933	858,315	775,180
380,845	389,868	319,895	338,504	306,722	290,532
17,013	16,629	44,845	45,515	27,546	27,944
46,584	73,698	52,618	93,508	79,170	126,604
37,814	57,394	47,658	122,387	21,778	8,509
532,942	650,630	387,082	432,155	249,064	594,283
74,619	55,183	86,401	74,148	125,295	137,027
35,378	31,984	8,360	-	-	-
105,721	57,776	113,881	157,666	181,032	29,784
<u>2,540,793</u>	<u>2,579,268</u>	<u>2,102,646</u>	<u>2,162,816</u>	<u>1,848,922</u>	<u>1,989,863</u>
584,205	458,550	513,749	446,249	357,732	452,157
493,850	263,744	249,766	314,543	285,134	417,440
407	7,572	4,955	4,786	-	-
327,180	234,388	247,255	237,789	170,671	114,763
210,810	130,139	40,430	72,377	60,245	81,525
450,756	440,640	471,794	435,122	305,978	335,955
629,253	634,392	755,527	545,980	430,040	381,882
1,239,397	1,025,117	2,041,390	1,464,655	532,437	514,448
<u>3,935,858</u>	<u>3,194,542</u>	<u>4,324,866</u>	<u>3,521,501</u>	<u>2,142,237</u>	<u>2,298,170</u>

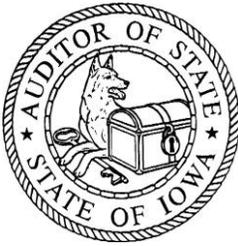
**Schedule 5**

City of Bondurant  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-E-0747(606)--8V-77	\$ 460,000
Highway Planning and Construction	20.205	STP-U-0747(607)--70-77	<u>286,011</u>
Total			<u><u>\$ 746,011</u></u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bondurant and is presented on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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Mary Mosiman, CPA  
Auditor of State

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bondurant, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 12, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bondurant's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bondurant's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bondurant's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bondurant's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-15 through II-C-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-D-15 through II-F-15 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bondurant's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## The City of Bondurant's Responses to the Findings

The City of Bondurant's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Bondurant's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bondurant during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

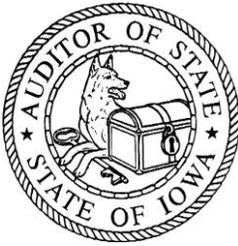
  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 12, 2015

**City of Bondurant**

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**



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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Bondurant, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Bondurant's major federal program for the year ended June 30, 2015. The City of Bondurant's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Bondurant's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bondurant's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Bondurant's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Bondurant complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of the City of Bondurant is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bondurant's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures

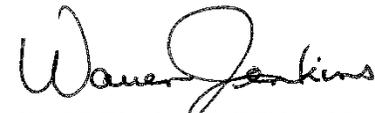
appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bondurant's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 12, 2015

City of Bondurant

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Bondurant did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although multiple individuals are involved in the accounting duties of the City, there is insufficient segregation of duties to prevent one individual from having control over each of the following areas for the City:

- 1) Long term debt – recording and processing payments.
- 2) Receipts – opening mail, collecting, depositing and posting.
- 3) Payroll – preparing, recording, processing checks and custody of undistributed checks.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff including elected officials.

Response – The City will continue to look for ways to improve internal control.

Conclusion – Response accepted.

II-B-15 Bondurant Community Library Foundation – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same individual. This segregation of duties helps to prevent losses from error or dishonesty and, therefore, maximizes the accuracy of the Foundation’s financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

In addition, the Foundation does not issue prenumbered receipts for all collections and monthly bank reconciliations are not prepared.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Prenumbered receipts should be issued for all collections.

To improve financial accountability and control, the ledger balances should be reconciled monthly to the bank balances. Any variances should be investigated and resolved in a timely manner. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly reconciliations.

Response – Over the past two years the Library Foundation has reviewed and changed operating procedures to improve internal controls so other individuals are included when possible in the process over collecting, depositing, posting, disbursing and reconciling with certain compensating controls added.

City of Bondurant

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

An example of a compensating control added is as follows:

Monthly the Board Chair opens the bank statement and reviews the bank statement activity. She signifies this review by signing each bank statement opened and reviewed. A copy of the bank statement is maintained by the Board Chair. The Bank statement is then delivered to the Treasurer.

We will continue to review operating procedures to improve internal controls as possible with the limited number of individuals.

A prenumbered log for donations received is maintained. Donors are mailed a thank you letter for their donations. Consideration is being given to using renumbered receipts should any cash donations be dropped off at the Library by the donor.

Because of the monthly review of the bank statement noted above and limited number of transactions during the year, we will work to perform the bank reconciliation process quarterly.

Conclusion – Response accepted.

II-C-15 Bondurant Fire-Rescue Association – During our review of internal control, the existing controls were evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same individual. This segregation of duties helps to prevent losses from error or dishonesty and, therefore, maximizes the accuracy of the Association's financial statement. Generally, one individual has control over collecting, depositing, posting, disbursing and reconciling for which no compensating controls exist.

In addition, the Association does not issue prenumbered receipts for all collections. Monthly bank reconciliations are not prepared.

The Association does not account for the numerical sequence of checks issued.

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Officials and other current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Prenumbered receipts should be issued for all collections.

To improve financial accountability and control, the ledger balances should be reconciled monthly to the bank balances. Any variances should be investigated and resolved in a timely manner. An independent person should review the reconciliations and document the review by signing or initialing and dating the monthly.

The Association should account for the numerical sequence of checks issued.

Response – Bondurant Fire-Rescue Association has addressed the concerns brought to us and have decided as of January 2016, the following changes will be made to our internal control. On a monthly basis the Vice President, who has no access to the bank accounts or the check book, will review the book as an independent person. The President will also have the Treasurer assist in purchasing so the President's name is not the only one signing the check book. Starting January 2016, a receipt book will be purchased and issued to as many people as possible. Lastly, this has also been discussed with the officers and pending an approval from the November Association meeting, 2016 will be budgeted for each and everything we purchase and approve in advance as much as possible.

Conclusion – Response accepted.

City of Bondurant

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

II-D-15 Delinquent Utility Accounts – A listing of delinquent utility accounts is not printed and retained each month after the due date has passed for payment of utility bills and penalties have been assessed.

Recommendation – The City should implement procedures to ensure listings of delinquent utility accounts are printed monthly and retained. Delinquent account accounts should be reviewed and approved by the City Council.

Response – A listing of delinquent utility accounts will be presented to the City Council monthly beginning with the September 2015 delinquent list.

Conclusion – Response accepted.

II-E-15 Computer System – The following weaknesses in the City’s computer system were noted:

- Access to the server is not limited to necessary personnel.
- One individual has access to all employee passwords.

Recommendation – The City should develop written policies and procedures addressing the above items to improve the City’s control over its computer system.

Response – City Hall space is limited in regards to server placement. Access to employee passwords is needed for computer work on weekends or evenings.

Conclusion – Response acknowledged. The City should investigate alternatives to sharing employee passwords.

II-F-15 Compensated Absences – The City has established policies for the carry over and payment of vacation balances upon termination of employment. The policy states, “Employees may not accrue vacation time in excess of an amount equal to 150% of the employee’s annual eligibility. Upon termination of employment, employees will be paid accrued unpaid vacation (up to the maximum vacation allowed to be accrued under this paragraph) at the employee’s current rate of pay.”

At June 30, 2015, four employees had accrued vacation balances in excess of 150% of their annual eligibility amount.

Recommendation – The City should monitor vacation balances to ensure policies established are followed and work with employees for resolution before the maximum accrual is exceeded.

Response – Two of the four employees are in compliance with the policy as of October 1, 2015. One employee is retiring in January 2016. This employee’s accumulated unused vacation time will be in compliance with the policy by December 31, 2015. The remaining employee is the City Administrator. He is discussing this issue with the City Council and is intending to be in compliance with his employment contract requirement by his retirement date of June 30, 2017.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Bondurant

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-15 Certified Budget – Disbursements exceeded the amount budgeted in the capital projects function before the budget was amended.

Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City is very conscientious about exceeding budgeted expenditures prior to completion of the amendment process and will make a concerted effort to make sure the projects carrying over from a prior fiscal year will be accounted for.

Conclusion – Response accepted.

IV-B-15 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-15 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-15 Business Transactions – Business transaction between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jennifer Campbell, Library Employee, husband is owner of Campbell Construction & Services, Inc.	Repairs to Library	\$4,530
Brian Lohse, Mayor Pro tem, owner of Brick Street Market	Supplies	234

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Brick Street Market do not appear to represent a conflict of interest since the transactions were less than \$1,500 during the fiscal year.

In addition, the Brick Street Market was approved for a vendor license to operate the concessions at Bondurant Recreational Sports Complex. In accordance with Chapter 362.5(3)(d) of the Code of Iowa, the approval for the vendor license does not represent a conflict of interest since operating the concessions was advertised.

City of Bondurant

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

The transaction with Campbell Construction & Services, Inc. may represent a conflict of interest since it was more than \$1,500 and the City did not enter into the contract through competitive bid in accordance with Chapter 362.5(3)(d) and (j) of the Code of Iowa.

Recommendation - The City should consult legal counsel to determine the disposition of this matter.

Response - The City requested quotes from three companies on the library project. However, a formal bid process was not followed. Only one quote was received from Campbell Construction & Service Inc. Future projects which might benefit a City employee or officer, directly or indirectly, will follow a competitive bid process in accordance with Chapter 362.5 of the Code of Iowa. In addition, the City employee's remuneration of employment was not directly affected as a result of the contract and this employee's duties of employment do not directly involve the procurement or preparation of any part of the contract as forth in Iowa Code Section 362.5(3)(e).

Conclusion - Response accepted.

- IV-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-15 City Council Meeting Minutes - No transactions were found that we believe should have been approved in the City Council meeting minutes but were not.
- IV-G-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-15 Revenue Notes - No instances of non-compliance with the revenue note resolutions were noted.
- IV-I-15 Annual Urban Renewal Report - The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1.

City of Bondurant

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Lesley R. Geary, CPA, Senior Auditor II  
David A. Cook, CPA, Staff Auditor  
Colton L. Barton, Assistant Auditor  
Cole J. Hanley, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State